

Updated end-use commodity codes for goods exports and imports

Effective with data for January 2007, goods export and goods import end-use commodity codes have been updated by the Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These changes were made to achieve a consistent classification between exports and imports, and to more appropriately group the commodities by their end-use characteristics. The changes were based on recommendations from the BEA, the U.S. Census Bureau, and other federal agencies. The changes also reflect the result of the work of the World Customs Organization (WCO) as part of its long-term program to review the nomenclature of the international Harmonized System, from which the end-use classifications are derived. The last major set of WCO modifications to the Harmonized System (HS) was introduced in January 2002.

The changes by the WCO include elimination of obsolete HS codes, the combination of existing codes and the introduction of new more detailed codes within existing codes, the reassignment of commodities from one code to another, and the introduction of new commodity codes to keep pace with newly developed products.

The impact of this work on BEA's end-use codes, which are used in the International Transactions Accounts (ITAs) and the National Income and Product Accounts (NIPAs), is small. Nearly all of the changes, which are effective with the data for January 2007 and the first quarter of 2007, involve reclassifications within 1-digit end-use commodity categories. Reclassifications across 1-digit categories result in level changes of less than one-tenth of one percent in all instances; changes of this size should not disrupt the fourth-quarter to first-quarter movements by commodity in the ITAs or the NIPAs.

For exports at the 1-digit end-use level, several categories of synthetic yarn were reassigned from industrial supplies and materials to consumer goods because they were designated specifically for retail sale and considered as consumer goods, and plastic ladders were reassigned from industrial supplies and materials to capital goods, which is the location of aluminum ladders. The dollar magnitude of these changes was \$24 million for 2005. At the 5-digit level, certain plastic articles were reassigned within industrial supplies and materials, and digital still image video cameras, which are now identified separately, were reassigned within consumer goods to be with other photographic equipment. The dollar magnitude of these changes was \$3.0 billion for 2005.

For imports at the 1-digit end-use level, several categories of synthetic yarn were reassigned from industrial supplies and materials to consumer goods, plastic ladders were reassigned from industrial supplies and materials to capital goods, and certain medical preparations were reassigned from industrial supplies and materials to consumer goods because they were considered final products (i.e., drugs) rather than compounds used in further production. The dollar magnitude of these changes was \$170 million in 2005. At the 5-digit level, digital still image video cameras were reassigned within consumer goods to be with other photographic equipment. The dollar magnitude of this change was \$5.5 billion in 2005.

Newly introduced HS codes include the separate identification of machinery used to produce semiconductors, which is included in capital goods; separate identification of solid-state non-volatile storage devices (such as flash memory), which are included in consumer goods; and, as required by the Rotterdam Convention on the shipment of hazardous materials, separate identification of hazardous chemicals, including pesticides, which are included in industrial supplies and materials.

Historical data on the newly developed basis for 2004, 2005, and 2006 will be incorporated in the annual revision of the ITA accounts that are released in June 2007 and in the annual revision of the NIPA accounts in July 2007.